

# FISCAL NOTE

**Bill #:** HB0010

**Title:** Revise allocations of coal severance tax, oil and gas tax, metal mines tax

**Primary**

**Sponsor:** Joe Balyeat

**Status:** Third Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<u>FY2003 Difference</u>	<u>FY2004 Difference</u>	<u>FY2005 Difference</u>
<b>Expenditures:</b>			
General Fund	(\$975,000)		
State Special Revenue	(644,000)		
<b>Revenue:</b>			
General Fund	\$4,263,773		
State Special Revenue	(\$3,916,774)	(60,200)	(100,400)
Trust Funds	(\$612,000)		
<b>Net Impact on General Fund Balance:</b>	<b>\$5,238,773</b>		

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

1. This bill would change the allocation of coal severance tax receipts in fiscal year 2003. Table 1 shows accounts that receive coal severance tax revenue and the percent of the tax allocated to each under current law and under this bill.

Table 1 Coal Severance Tax Distribution Percentages		
	Current Law	Proposed Law
Coal Permanent Trust	50.00%	50.00%
Long Range Building Program	12.00%	10.00%
Local Impacts	8.36%	5.00%
Parks Acquisition	1.27%	0.00%
Renewable Resource Loan Fund	0.95%	0.95%
Capitol/art trust fund	0.63%	0.00%
General fund	26.79%	35.69%
Total	100.00%	100.00%

Table 2 shows the coal severance tax revenue going to each account under current law and under this bill.

Table 2  
Coal Severance Tax Distribution (\$ millions)

	<i>Current Law</i>	<i>Proposed Law</i>	<i>Difference</i>
<b>Coal Permanent Trust</b>	\$16.099	\$16.099	\$0.000
<b>LRBP</b>	\$3.864	\$3.220	-\$0.644
<b>Local Impacts</b>	\$2.692	\$1.610	-\$1.082
<b>Parks Acquisition</b>	\$0.409	\$0.000	-\$0.409
<b>Renew. Resource Loan Fund</b>	\$0.306	\$0.306	\$0.000
<b>Capitol/Art trust</b>	\$0.203	\$0.000	-\$0.203
<b>General Fund</b>	\$8.626	\$10.963	\$2.337
<b>Totals</b>	<b>\$32.198</b>	<b>\$32.198</b>	<b>\$0.000</b>

2. For FY 2003 this bill reduces the general fund appropriation for the Growth through Agriculture program by \$500,000, from \$1,250,000 to \$750,000.
3. This bill eliminates the general fund appropriations of \$425,000 for certified communities, \$200,000 for the Montana manufacturing Extension Center, \$300,000 export trade and \$350,000 for the Office of Economic Development in FY 2003.
4. The appropriation for the Office of Economic Development has been reduced \$134,363 in executive ordered reductions.
5. For FY 2003 this bill eliminates the allocations of oil and gas tax to the reclamation and development grants account and the orphan share account. It allocates funds that go to these accounts under current law to the general fund. This increases revenue to the general fund by \$1,515,501 in FY 2003. It reduces revenue to the reclamation and development grants account by \$757,751 in FY 2003 and reduces revenue to the orphan share account by \$757,751 in FY 2003.
6. For FY 2003 this bill eliminates the 7% allocation of metal mines license tax to the reclamation and development grants account and increases the general fund allocation from 58% to 65%. Metal mines license tax collections are projected to be \$5,875,312 in FY 2003. This bill would increase general fund revenue from the metal mines license tax by \$411,272 in FY 2003.
7. This bill would reduce appropriations from the long-range building program account by \$644,000.
8. This bill would increase revenue to the general fund by \$4,263,773 in FY 2003 (\$2,337,000 from coal severance tax + \$1,515,501 from oil and gas tax + \$411,272 from metal mines license tax).
9. This bill would reduce revenue to the reclamation and development grants account by \$1,169,023 in FY 2003 (\$757,751 of oil and gas tax + \$411,272 of metal mines tax).

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10. Spending reductions are included in HB 2 and HB 9 to partially reflect the revenue reductions for the Coal Severance Tax Local Impact Account (which affects the Coal Board, Conservation Districts, Growth-thru-Agriculture, and the State Library) and the Reclamation and Development Grants account.

11. Reductions in deposits to the Parks and Arts trust funds will reduce interest distributions from these accounts. The projected interest loss is based on a 7 percent annual rate.

FISCAL IMPACT:

	<u>FY2003</u> <u>Difference</u>	<u>FY2004</u> <u>Difference</u>	<u>FY2005</u> <u>Difference</u>
<u>Expenditures:</u>			
General Fund			
Growth-Thru-Agriculture	(\$500,000)		
Montana Manuf. Ext. Center	(200,000)		
Export Trade	(300,000)		
Office of Econ. Development	(215,637)		
Certified Communities	(425,000)		
Long Range Building Program	(644,000)		
TOTAL	(\$2,284,637)		

Funding:

General Fund (01)	(1,640,637)
LRBP (05)	(644,000)
TOTAL	(2,284,637)

Revenues:

General Fund (01)	\$4,263,773		
State Special Revenue (02)			
Long Range Building Program	(\$644,000)		
Coal Severance Tax Local Impact Account	(\$1,082,000)		
Reclamation and Development Grants	(\$1,169,023)		
Orphan Share	(\$757,751)		
Cultural and Aesthetics Projects Account	(\$6,000)	(17,400)	(29,000)
Parks State Special Revenue	(\$14,300)	(42,800)	(71,400)
Trust Funds (09)			
Parks Acquisition Trust	(\$409,000)		
Cultural and Aesthetic Trust	(\$203,000)		

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$5,904,410		
State Special Revenue (02)			
Long Range Building Program	\$0		
Coal Severance Tax Local Impact Account	(\$1,082,000)		
Reclamation and Development Grants	(\$1,169,023)		
Orphan Share	(\$757,751)		
Cultural and Aesthetics Projects Account	(\$6,000)	(17,400)	(29,000)

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Parks State Special Revenue	(\$14,300)	(42,800)	(71,400)
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Trust Funds (09)

Parks Acquisition Trust	(\$409,000)
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Cultural and Aesthetic Trust	(\$203,000)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill would reduce funds going to county and local governments from the coal severance tax local impact account by \$1.080 million in FY 2003.

LONG-RANGE IMPACTS:

1. Revenue lost to the Parks and Arts trust funds will have a permanent effect on interest earnings from these accounts.
2. The Long-Range Building Program will have a 28 percent decrease in cash available for the 2003 legislature to appropriate.